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FRACTIONAL CURRENCY COLLECTORS BOARD

FALL 2001 NEWSLETTER

OUR CHANGING WORLD

"A date that will live in infamy." Very few, if any of us had thought we would have an event occur in our lifetime that would have us recall President Roosevelt's immortal words. September 11, 2001 was such a day. It was the most terrible and tragic day that most of us have or ever will face. As we all watched the terrible events unfold, we truly could not believe what was happening. Anger, fear and concern for those that we knew were only some of the emotions we felt. I was concerned for many of our members who live or work in the area around the WTC and for our members who are in the armed forces who responded or will respond when the call was/is given. Tom works on Wall Street, Martin works on Broadway, Bob drives into the city quite often and many other of our members are from around the area. Terry is in the armed forces as are others in our group. It was with great relief when I got a message from these people that they were okay. As I watched and read many things that were printed in the aftermath, I thought how much our world changed in a few short hours. Terror and fears for our safety drove us to our homes. But now we must go on. The mere thought of fun and *"business as usual"* may seem frivolous at a time of such great national tragedy. The unseen cowards, who perpetrated these terrible acts, meant to harm us physically and psychologically. Let's fight back and not allow them to win. Instead of giving in to fear; instead of becoming hermits in the safety of our homes; instead of canceling all the more enjoyable and normal aspects of our daily lives, let's try to move on and restore some semblance of normalcy. Not doing so will do little to further the cause of peace and justice. Instead, it may play into the terrorist's aims of disrupting our way of life. I do not mean to justify a pursuit of fun and normalcy above and at the expense of all else. However, for any who might be feeling ashamed of entertaining thoughts of fun or returning to normal activities at a time like this, I say--don't feel ashamed! Let's do all that we can to further the cause of our just democracy, which is based on good, without sacrificing a balanced, focus on life. Let's not give in to those evil doers who would have us regress to the level of a homebound, hermit-like existence. Remember what this great nation is based on. Remember what makes us free and those who died for our freedom. But above all else, remember what is most important in your life. Not material things, but family and friends. Hug your kids and spouse and tell them you love them and that they are safe.

CONGRATULATIONS

As I am sure most of you are now aware, one of our founding members, John Wilson has been elected President of the ANA. From knowing John and his guiding light and source of strength, Nancy, I am confident he will do a great job. It will be very exciting having not only a paper money president, but also a fractional president. John—we salute and support you!

SEND ‘EM A CARD

Two men very important to the FCCB are recovering from illnesses and could use your support. Founder and father of the modern fractional movement, Milt Friedberg is recuperating from an illness at a center in Cleveland. He seems to be progressing very well. Doug Hales has kept me updated on his progress through JoAnne. Another of our founders, Wayne Leichty has recently had some plumbing re-done and is recuperating at home. I am sure both of them would love to get a card from all of us encouraging them onward and Godspeed with their recovery.

PAPER MONEY SPECIAL EDITION

At the ANA convention, one of our very early members, Fred Reed was honored by having the Jan/Feb edition of Paper Money, of which he is the editor, the official newsletter of the Society of Paper Money Collectors win the best issue literary award. Congratulations Fred! Now, for the really good news. Fred has decided to have a couple of special editions of Paper Money each year devoted to certain specialties. He has offered to have the Jan/Feb, 2003 edition be a fractional issue. This is truly an opportunity that we cannot and should not pass up. So, Tom and I said yes! Now we need your help. It will be a lot of work, as we need at least ten original articles on fractional for the issue. We have identified the following possible subjects. Those with an author have already consented to do the work. If you would like to help them, just drop them a line. I'm sure we could all use some help. Look over the list and if you see a subject that you would like to champion, please let me know. If there is a topic not listed that you will do, let me know also. The list is not inclusive, just what we came up with. Obviously, the biggest need we have is for someone to do the intro to fractional, proofs/specimens and experimentals. These would be relatively easy for some of you who want to write. The time frame on this is fairly fast. We have to have 4 articles to Fred this month and then he needs four by March and four more by May/June. He would like lots of pictures as well. If you don't feel you can write, do you best or just jot down facts and send them to me. I will get with others and make them into good articles. Also, for this special edition, we need 8-10 pages of advertising (at least half page ads). Let me know as well if you are interested in doing this.

Proposed article	Proposed author	Accepted
Fractional currency errors	Benny Bolin	Yes
Other men of Fractional	Benny Bolin	Yes
Experiences in the Vaults of the Smithsonian	Tom O'Mara/Doug Hales	Yes
FC Proofs in the Smithsonian	Tom O'Mara/Doug Hales	Yes
Alternatives to FC—Encased Postage/Envelopes	Fred Reed	Yes
Manuscript notes	Benny Bolin	If needed
History of the FCCB	Bill Brandimore	Yes
Postage currency Coins—an update	David Cassel	Yes
Gem Notes	Howard Cohen	
Introduction to postage and fractional currency		
Part II—Proofs/Specimens		
Part III--Experimentals		

NEW FIND/NEW HOME

Not much to report here. At Lyn Knight's Dallas show, there was a double denomination second issue note that is now in the collection of one of our members. In that auction, I found a Liberty ten-cent note with the largest isolated fiber I have ever seen (see enclosed picture)! There was also a JNT Levick note found in one of the dealers stock. Unfortunately, since I had just seen most of the stock (and spent most of my money) at Memphis, I did not look through all of the stacks and subsequently missed out on that one! Bummer!!! If you come across a new find or a very rare note changes hands, let me know so I can report the new finds (anonymously unless you direct me otherwise) and can update the census of other notes.

CIVIL WAR TIMES

I have found a veritable treasure trove on EBAY! I got a copy of a 1982 Civil War Times that was advertised as having an article on the Union blockade of the Confederacy. When I got it and read it, I found a number of good articles I will be sharing with you. One of them, which I have included in this newsletter, is the only article, besides mine, that tells the truth about Spencer Clark! If anyone knows the author, let me know, I would like to drop him a line. I also got two articles sent to me by Frank Clark from the 1947 Numismatist about fractional that I included as they have some really good information.

ENCLOSURES

- 1. Membership list**
- 2. President's message**
- 3. Fractional Thoughts**
- 4. Numismatic News feature on member Martin Gengerke**
- 5. Article on Postage Currency from Waterbury, CT from the Civil War Token Society**
- 6. Article on Spencer Morton Clark from 1982 Civil War Times**
- 7. Numismatic News article on foreign fractional currency**
- 8. 1947 Numismatist article on fractional currency patent dates**
- 9. 1947 Numismatist article on Fractional Currency Vignettes**
- 10. Note from Lyn Knight's Dallas auction**
- 11. Unique Payable note**
- 12. Whose Land Rover is that?**

FRACTIONAL THOUGHTS

** Remember our new ANA President is fellow FCCBer John Wilson. Any comments, insights, questions about the granddaddy of numismatic organizations, the American Numismatic Association can be directed to John at johnnancyw@aol.com . As many of us who know John can attest, he has a great deal of enthusiasm and really will get back to you if you have any questions or ideas.

** Slabbed Paper Money?? Many may have seen the third party currency grading in sealed Mylar holders (C.G.A. Currency Grading & Authentication Inc.) – mostly offered on some “trophy” large type U.S. Notes, but has anyone seen U.S. Postage or Fractional Currency submitted to such a third party grading service yet?? I just read about a new competing service called C.G.C. (Currency Grading & Certification, Inc., in Arizona) that is encapsulating the notes it grades and certifies in a hard plastic holder. I wonder if either method will take hold with currency and if so, when will we see the first encapsulated fractional note?? Any thoughts??

**Read recently about FCCBer Bill Brandimore, who as President of the Numismatists of Wisconsin, oversaw a successful annual show October 22-23, 2001 hosted by the Wisconsin Valley Coin Club and held in Wausau, Wisconsin. I know Bill beat anyone, and all of us, to the great fractional finds there and given his stature as Wausau Chief of Police, am sure he would have ticketed any of us reckless FCCBers trying to muscle into a “frac stack” ahead of him on the bourse!! Good job Bill, heard it was a great success.

**Looking for auction listings from the past decade (1990-2000)? Saw an ad for a new publication listing all American numismatic auction sales from 1990 to 2000 from over 40 different catalogers. At 60 pages, it looks like a good reference and costs about \$30. If interested email Karl Moulton at numiscats@aol.com

**U.S. MINT FYI...any FCCBers who like to buy U.S. Mint products like 50 State Quarters, proof sets, silver proof sets, mint sets, first day coin covers, etc, but hate the hassle of remembering which ones you’ve sent in for, missing deadlines, not getting your coin, or whatever... well now there is an answer. The mint has rolled out a subscription program. You subscribe and wait for the new items to be delivered after each new one is launched. Check it out online at www.usmint.gov to learn more. After missing the new Buffalo silver dollar and currency set direct sale from the mint and getting frustrated since I buy all new offerings, this sounds like a good answer to servicing good long-term U.S. Mint customers.... I am signing up.

**I know I have mentioned this before, but here’s another refresher – check out, or think about, the Numismatic Bibliomania Society at www.coinbooks.org . This group studies everything about numismatic books, auction catalogs, magazines, etc. Some of the most scholarly material written in the broad numismatic field comes from this group. Their quarterly journal *The Asylum* is fantastic! A newer effort of the organization is a weekly email that is sent out free of charge to members and non-members alike, called *The E-Sylum*. If you would like to check it out on a trial basis just email Wayne Homren at whomren@coinlibrary.com and tell him you heard about *The E-Sylum* from the FCCB. It is an informative piece and usually review new numismatic books, research, auctions and highlights a numismatic website weekly. Currently 424 people receive *The E-Sylum* weekly – check it out and if you like it full membership in the NBS information is available on their website.

****Recent Fractionals at Auction!!!!!!!!!!!!!!**

155 lots in the Lyn Knight Currency Auctions Dallas Sale held August 17-18, 2001. This sale featured the collection of Sam Feldman. His fractional holdings had some super unique rarities including some rare Moskowitz Collection Exhibition Pieces, a rare double denomination 2nd issue 5 cent front/ 50 cent back, two gray fractional shields, many full sheets, Fr 1300, Fr 1330, Fr 1344, 2 – Fr 1348's, Fr 1371 and many others. This was a great sale that was held in conjunction with the 4th National Paper Money & Historical Artifacts Show.

175 lots in the Currency Auctions of America (now part of Heritage Numismatic Auctions) Cincinnati Signature Sale held September 21-22, 2001. This sale went on as scheduled and was held relatively soon after the September 11 tragedy. It was a successful auction and a true test of the collector base that has formed in Paper Money over the years.

A couple of lots in Early American History Auctions October 13, 2001 Mail Bid. The key highlight was an Uncut Sheet of Friedberg 1230, 1st issue 5-cent postage currency. Gem condition, but with a terrific Pedigree – ex Colonel E.H.R. Green Collection – Chase National Bank Trust Collection – William A. Philpott, Jr. Collection – Morris Loewenstern Collection – Thomas C. Bain, Jr. Collection. Sources say, now in FCCBer hands.

And finally, 56 lots in the R.M Smythe Strasburg Sale that was postponed from September 14-15, 2001 until November 17, 2001 and now will be held in conjunction with the PCDA St Louis show.

A MESSAGE FROM THE PRESIDENT – FALL 2001

Words – just that...they are very difficult to arrange in any order that would help us understand what occurred this past September 11, 2001. Truly a day that will live in infamy. People the world over, have responded in many wonderful ways. Families, friends, acquaintances, and even complete strangers all view and treat each other in a different light now.... predominantly for the better. The stories and actions of people helping others during and after September 11 have been both touching and inspiring. To many, this event has bought about a reassessment of some or all aspects of our lives. As I have kicked the meaning of this tragedy around in my mind everyday since, I find myself looking back to the things that make one comfortable and were in our lives before September 11. Although each of us, individually, is impacted and affected in a different way, one thing that we do all have in common is the friendships and camaraderie we have built up with each other as fellow collectors and as fellow Americans. Our hobby can offer a moment of solace from the daily reminders of that tragic day. I find myself often looking about the train during my early morning commute, and see headline after headline of terror and fear. I don't run from it, nor must I embrace it, however, by weeks end I can tell you, a casual read of *Numismatic News* or better yet the *Bank Note Reporter* can put my mind at ease, even if for only a short time. Our collections, not just of notes but also of friendships, are great ways to enjoy a restful, peaceful moment from the harsher than normal reality of today's day to day.

In the days immediately following September 11, I was touched by the outpouring of messages and inquiry from friends in the numismatic community. We all were in a state of shock and the need to reach out was felt strongly all across America, and not just with immediate family and friends, but with our fellow hobbyists as well. A great place to find time and relax can be found with one's hobby. Not that this is the be all and end all, or would be in place of spending time with family and friends, but as an excellent addition to those activities. Heck, we all are collectors for one reason or another, but for the most part we enjoy it and it helps us relax. In our hectic schedules we find the way to spend some time with our notes, and what does this do??? It brings enjoyment and balance to our lives. What better way to fulfill two needs which can be in short supply during such traumatic times as these.... our hobby. I've often read in histories of numismatics that there was a great broadening of the coin collecting hobby during the Great Depression. I've always wondered how during such a trying time more people were turning to a hobby, and only now can finally understand it. Enjoyment and balance can be found whether putting together a circulated Whitman penny board, examining a VG 3 cent note, or drifting off in time with any item of historic collectibility.

FCCBers are truly a special lot. I believe what has banded us together would be described by each of us differently, but an overriding theme would be friendship and fulfillment. The search and need for both are probably higher than ever, and it is why I believe the future of our hobby is still bright. So take some time with your notes.... you may need them more than you think. Once you've sat down, it will feel better.... you don't need to feel guilty for wasting precious moments with your hobby...it is a healthy part of our lives, and in these times, one which we should all explore. I am sure some of our members have been personally affected by the events of September 11, and on behalf of your fellow FCCBers extend our deepest sympathies and support. God Bless America

Tom O'Mara – President, Fractional Currency Collectors Board

Paper money feeds hobby fire for Gengerke

By Ray Sidman

Martin Gengerke, the associate director of U.S. currency for R.M. Smythe & Co. in New York City, has a passion for paper money, a passion so strong he continues to update a file on all large-size

Who's Who

and fractional U.S. currency. "All" as in every single note he can find information on. For the 53-year-old numismatist, it goes into his personal U.S. paper money records.

It all began in 1969 when he took his first cataloging job. "It started when I was a *per diem* cataloger. I got tired of seeing the competition writing silly things like 'three known' or 'five known' when I knew of 10 or 15 or 20."

"So I started formally keeping the records, which in the early days was just myself. As more people got to know about it and it got larger and larger, I started making it available to the public."

Currently, the computer disc version of his records has 60,000 entries listing everything from where the notes have appeared, how they've been graded, how much they've sold for and who owns them. "as far as I can trace" added



Gengerke has spent years compiling his personal paper money records.

Gengerke. Moreover, he adds information "literally every day," cross-referencing all of it.

His expertise and his records are now available to Smythe, where he has worked full-time for more than three years and part-time for many years prior to that.

Gengerke's numismatic interest was piqued at a young age. "I started like most kids do: pressing pennies into blue Whitman folders when I was nine years old."

Did he have any goals when he collected? "I was just having fun. There

"It started when I was a per diem cataloger. I got tired of seeing the competition writing silly things like 'three known' or 'five known' when I knew of 10 or 15 or 20."

were no goals. Nine-year-olds don't have goals. I was just having fun pressing pennies, nickels and dimes into those folders. Couldn't afford quarters."

Eventually, however, his passion became redirected. "I kept up with coins for a while, and got better and better and started buying at auctions."

"In 1967 I was in Stack's and I saw a type set of Fractional Currency in their showcase, and that looked interesting, so I bought that, and I bought a copy of Friedberg. And I had Ben Stack pull the labels off of the holders, so I had to learn what I was doing. In six months I had sold all my coins and was hooked on paper."

In turn, he has a few favorite designs. He cited early designs such as the Justice note, notes with F.E. Spinner's signature and the 50-cent Lincoln fractional note, "one of the best engravings of Lincoln ever done."

"The engravers were extremely talented. I think far more so than you see today on our current crop of notes."

With this he offered his thoughts on modern U.S. currency, specifically the changes in recent years to the \$5, \$10, \$20, \$50 and \$100.

"I think basically it was a very poor move. They made the notes a little too simple. They didn't include enough anti-counterfeiting devices, which is giving rise today to what they're referring to as 'P' notes ... 'P' as in 'puter' ... which are notes coming off computer printers."

"The technology has gotten so good that these are fooling a lot of people."

He acknowledged that while there are some anti-counterfeiting facets to these bills, such efforts are "pretty limited" compared to the lengths some foreign governments have gone.

He recommended following these foreign ideas to utilize holograms, plastic inserts (such as in Australian notes). "That would go a long way in stopping counterfeiting, but for some reason they feel the measures they've taken ... are pretty much sufficient."

This, he believes, is a problem that will not go away. "The counterfeiting problem ... it's getting to be epidemic. I forget the exact numbers, but a television show in Los Angeles, I think, said the number of conventional engraved counterfeits had dwindled to a tiny fraction of what it was just five years ago while the number of notes coming off computer printers has soared astronomically."

"And a lot of them are being done by kids. They know the laws are lax on juveniles and they can afford laser printers."

The best solution, by far, he believes: the Treasury Department must add more and better anti-counterfeit devices.

Another hot topic in both the paper and coin fields is whether to abolish the paper dollar. "I hate to say this - as a paper money collector - but I think we should get rid of it."

Why? "The coins that they are turning out - the Sacagawea dollars and so forth - I think are perfectly usable and these days they don't necessarily put a big burden on your pocket. Also, in terms of British and other currencies, it's the smallest denomination of paper around."

He concluded by saying that predictions of the Sacagawea dollar coin's demise should the paper dollar remain in circulation "are dead on the money."

The cataloger also discussed the recent legislation introduced by Rep. Jim Kolbe, R-Ariz., calling for - among other items - a series of five commemorative \$2 notes. Gengerke stressed his advocacy of "something along those lines for many years."

"I don't think it would be difficult. I think the main problem is creating something that people would be attracted to. If you look at the commemorative coin program they have going, so many of the designs are artistically lacking; they are not very attractive pieces in many cases."

"I think - in part, at least - it's a matter of politics. You also have the problem ... that the engravers available to the BEP (Bureau of Engraving and Printing) now are not as skilled as they were 100 years ago when it was a craft that you learned for half of your life before you became really adept at it."

"And you look at the engravings on our current crop of notes and they are just not anywhere near as lifelike or vivid as the 1928 issues. If they were to do it in quality ... I don't think it would take that long to do and I think it would be very popular."

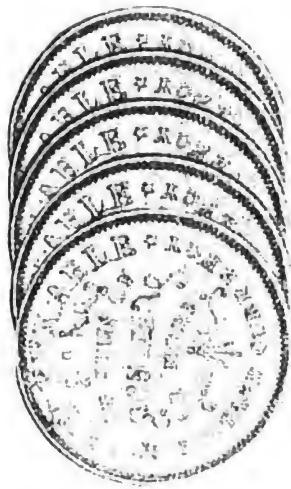
His recommendations for the proposed \$2 notes include U.S. landmarks - specifically naming Mount Rushmore, famous people or "natural wonders in this country."

He would like to see designs that prove both educational and interesting. Among other advantages, such a maneuver could pull new collectors into the paper money hobby.

"In terms of collectibility, I think paper money has a long way to go. I think there's a lot that isn't known about it, and if you can get away from the problems in most of numismatics and other collectibles of overgrading and overrepresenting things - which goes back to why I started collecting records in the first place - and bring people in to stay, I think paper money has a great future."

Postage Currency

The New York Store of Waterbury, CT



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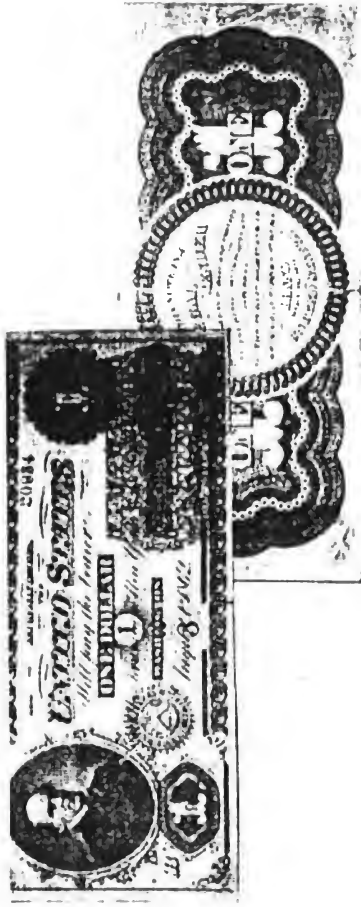


Sterling A. Rachootin

The New York Store in Waterbury, Connecticut, was the one store willing to redeem its issued Civil War store cards for U.S. paper currency, Postage Currency. As this token states, "Redeemable in sums of 5 cts or more in postage currency". For five of their copper store cards, they would exchange a "somewhat" official U.S. paper coin.

During the first year of the Civil War there appeared to be little hoarding of gold and silver. As the war continued there was the escalation of inflation created by the huge military expenditures. The government not wishing to raise taxes, issued demand notes which were not designed to circulate, but they did. By the end of 1861 specie payments were discontinued by the banks and before long legal tender, called "Greenbacks" were issued by the government. Hoarding and speculation skyrocketed, with gold and silver increasing in value. Prior to the Civil War the U.S. government did not issue paper money, hard money was the U.S. currency of the realm.

In May of 1862, these "Greenbacks" depreciated in value while silver and gold increased in value. Meanwhile, in Canada, gold was on a par with silver, so U.S. speculators bought up great quantities of silver coin, paying a premium, shipping the silver to Canada and exchanging it for gold, and then returning to the U.S. with gold that had a premium

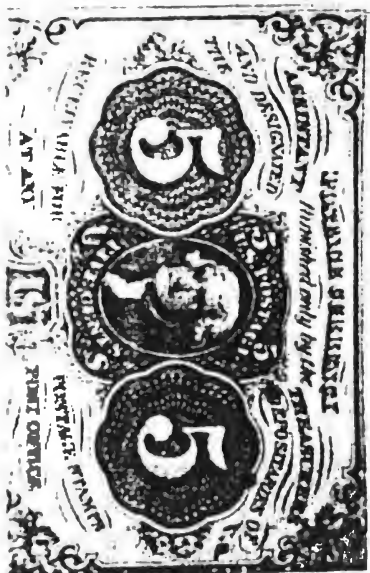


First Greenback

above that of silver. This gold was then used to buy paper at a reduced rate and with the paper buy up more silver to begin the process all over again. In a one month period in the middle of 1862, some \$27,000,000 in silver coin was sent to Canada! Gold was placed at a 3% premium as soon as paper money appeared. By June of 1862 gold had soared to a premium of 6%. It reached 15% by July, 1862, and at the end of 1862 there was a 32% premium achieved. Paper reached its lowest value in 1864 when it took \$285 to buy \$100 in gold. There was a 20% premium placed on subsidiary coins. Even copper cents were worth a premium.

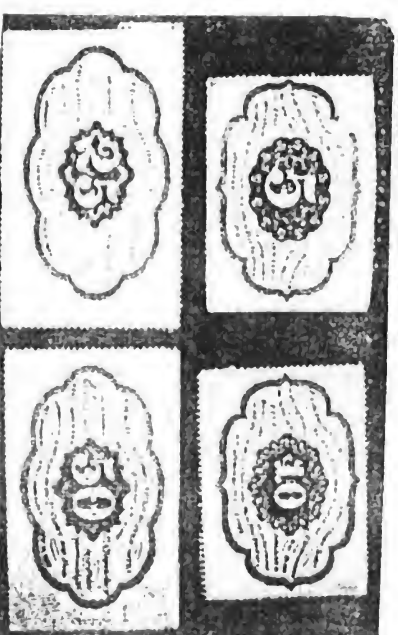
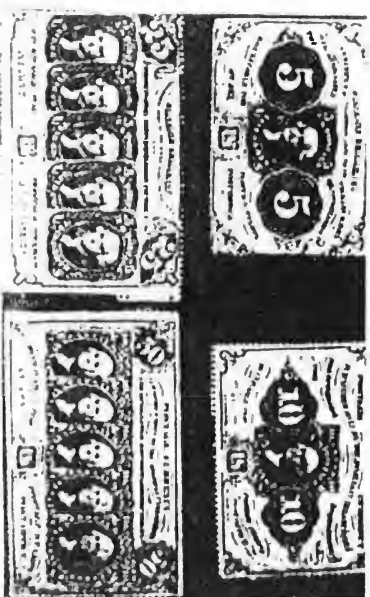
Conditions became so bad in the country that in July 17, 1862, Lincoln declared that postage stamps be legal tender up to \$5.00. They proved to be ineffective. Stamps were fragile, they had gummed backs, and they tended to stick together, disintegrate and become blobs of paper in one's pockets. Postmaster General Blair and Secretary of the Treasury Chase had a running feud of who was responsible for what in the production and reimbursement of postage stamps. Finally specially designed postage currency was created, larger than a postage stamp, printed on a higher quality paper in denominations of 5c, 10c, 25c, and 50c. These small paper coins pictured 5c and 10c postage stamps to match the denomination. They became promissory notes NOT authorized by the initial enabling legislation of July 17, 1862. They finally did receive legal authorization by passage of the Act of March 3, 1863, which provided for the issuance of fractional notes by the federal government.

The earliest postage currency issue even had perforations like the postage stamps of the time, but the need was so urgent for small change that the perforations were discontinued in the later issues. When processing them into change that could be cut into multiples of 5s and 10s to facilitate trade i.e. a strip of 4 five-cent notes would be 20c, a strip of 3 25c pieces would be 75c.



From 5c postage stamp to 5c postage currency

Some interesting events revolved around the use of these postage currency notes. Below is a note in which the last 5c fully pictured 5c stamp was cut off and either used as postage on a letter, or used in trade for 5c, leaving four overlapping 5c stamps to be used for a 20c paper coin (?). I once owned a cut-out 5c section of a postage currency note that was post-marked.



It is interesting to note that shortly after the war began, Postmaster General Blair began to formulating plans for discontinuing postal service in the disloyal states. There were two reasons for this measure to be taken: 1. There were large stocks of postage stamps of the 1857 issue in post offices throughout those seceded states. If those stamps were to be sold to Northern post offices by being secretly smuggled out of the South, then the North would be financing the cause of the Confederacy. 2. The North wanted to disrupt postal services in the Confederacy as much as possible, so that there would be a communications disorder that would bring an end to the rebellion at a much faster rate.

In order to confront the first of these concerns, it was necessary to redesign a whole new series of postage stamps and declare the earlier issues demonitized and no longer acceptable for U.S. mail service.

It took some time to design and manufacture a whole new series of postage stamps and declare the earlier issues demonitized and at the same time allowing holders of these demonitized issues to exchange the



Some sample demonitized U.S. postage stamps

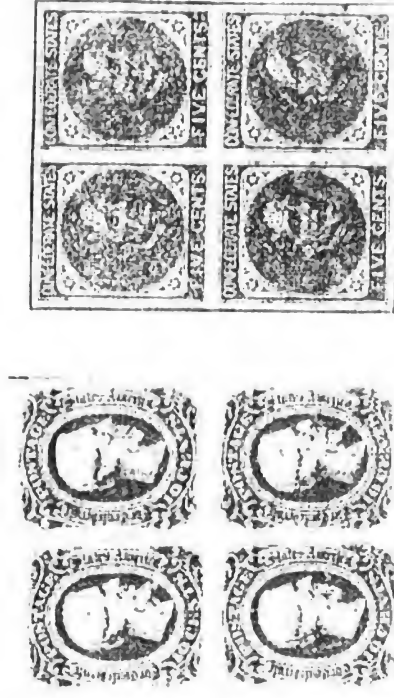


The newly created 1861 issues

older issues for the newer ones. As the stamps were made available, notices were appearing in the newspapers allowing specific time allowances for exchanging the old stamps for the newer issues. This was done by geographical areas, with the far west being the last area to make the changeover. After the designated dates expired, the postmasters of each post office had specific directives to not deliver mail having the earlier demonitized issues.

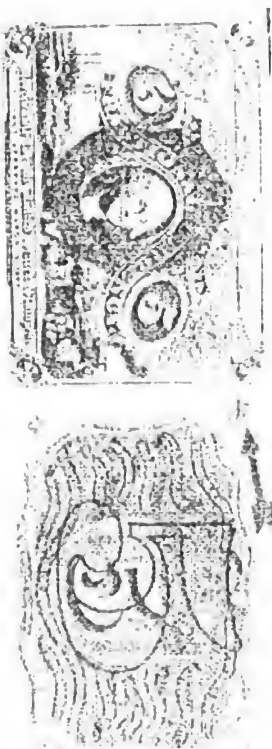
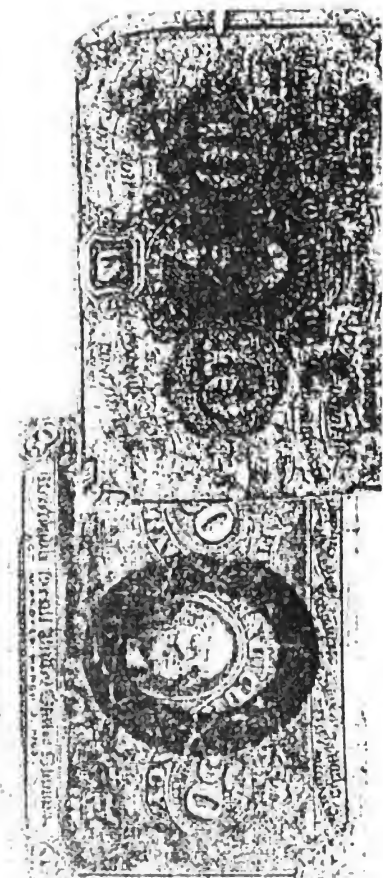
The Confederacy had monetary problems far greater than the Union. They had less hard currency on hand. The South had to depend entirely on a paper economy. No hard coinage was produced during the war years. The Confederacy produced paper bills, the individual seceded

cities, railroads, merchants, etc. (Coins produced by the North were hoarded and never circulated as there was too much profit in speculation.) The Confederacy did make use of postage stamps and like in the North, stamps served as small change. Quality paper had to be imported from Europe or smuggled out of the North. Many obsolete bank notes that were printed on one side, were turned over and made into needed notes for the Confederacy. Paper was so scarce in the South that many Southerners would carefully take apart envelopes, turn them inside out and reuse them to mail letters again.



Confederate stamps used as money or postage

Paper money was not popular in both the North and the South during the war because the art of engraving and counterfeiting reached a state that was unbelievable. No sooner had postage currency hit the streets when counterfeit issues began to plague the marketplace. By October 10, 1863 a second issue of fractional currency had to be designed and was altogether different in appearance from the postage currency. This time there appeared an anti-counterfeiting ink oval circle surrounding the portrait of Washington. In a very short time this series fell prey to the counterfeiters as well. In all, five different series, of fractional currency were designed and manufactured and all were counterfeited. The last issue was discontinued in 1876. In the interim the Secret Service was initiated in 1865, just before Lincoln was assassinated. In some of my readings it was asserted that at times more counterfeit currency was circulating than genuine currency. This is not too surprising. We just made over our Franklin 100 dollar bills, with many security features and anti-counterfeiting devices, only to find just days later after appearing on the market, counterfeits have been reported.



By 1876, as a nation, we had recovered from the financial burdens of the Civil War. The industrial revolution was performing miracles for America. Great deposits of gold and silver were discovered in the West. The acceptance and use of copper-nickel in 3c and 5c coins aided our situation as well.

The fractional notes as well as postage currency are still legal U.S. money. If you had some, and tried to exchange them for goods, most places of business would not accept them, out of lack of knowledge. It would be just as foolish to exchange them on a dollar for dollar basis as it would be to exchange gold for paper at a bank. Their value is far greater than the actual amounts printed on them.

I have not seriously tried to corner the market on these Connecticut pieces 560A-1a (R-4), but I do find them very interesting, and whenever I see them at dealers' tables, I will buy them if the price is feasible, and looking into my collection I find that I only own two specimens. I wonder if the New York Store honored their commitment to redeem their tokens after those tokens were declared illegal in 1864. If they did redeem them, they just may be more scarce than our Store Card Fuld's Book indicates.

Note from the recent CAA sale.
 Only known "*payable* in postage
 currency" note known from
 Alabama.
 Note the date—after the war!



1904, known as the Ten-Forty bonds (evidently due In forty years but callable in ten years), show a beautiful three-fourths length figure to the knees with more detail in the background. This engraving is not encased in a frame but is an open work with lines gradually fading into space. The size measures approximately 45 by 50 millimeters, or some seven times larger than the bill portrait.

Washington is evidently standing on a platform or rostrum delivering an address. The face appears as tho re-engraved in that there is more expression about the eyes, and shading at the side of the face. His right arm is hanging by his side and he is holding a partially rolled scroll or manuscript. His left hand is apparently placed on some papers on a table. He is wearing a long, loose fitting coat of the style of the day that goes below the knees. The wrinkles in the coat and vest present the effect of the need of a good pressing job in our modern way of thinking. Immediately back of him to his right is a large oval backed Empire style chair. To his left in the rear is a column or pillar. There are some curtains or drapes overhanging the chair and at his shoulders, which fade away at approximately one millimeter above the head. This is the light curtain mentioned in all descriptions of the fractional currency, but notice that it is a light and not a dark-colored curtain.

The busts of Sherman and Grant appearing on the rare 15c essays were used on the coupons attached to the 6% coupon bonds dated July 1, 1867 and maturing July 1, 1887. These bonds were known as the Consolidated Five-Twenty Coupon bonds and apparently were also issued in 1865 and 1868. The bills have a light shaded background made of wavy lines gradually fading away at the top whereas the coupons have a dark or heavy background of ruling engine work lines similar to that on the 5-cent Clark. The busts are identical and are enclosed by a similar size oval frame.

The portrait of William T. Sherman appears on the \$1.50 coupon and the portrait of Ulysses S. Grant appears on the \$15.00 coupon. These bonds bear the slogan "In God Is Our Trust."

While the book shows illustrations of all bonds issued from July 17, 1861 thru March 3, 1868, it may be that these engravings were used subsequently on other bonds. The bonds issued during March, June and November, 1864, bear pictures used for the Third issue fractional currency which was not issued until December 5, 1864 and so it appears the bonds were issued first and the Treasury Department copied and made use of the designs for the fractional currency. The numerous counterfeits of the Second Issue required a change and so the available engravings were used for the new bills.

The checklists by D. W. Valentine, Walter F. Schultz, and Wayte Raymond show the 3c dark curtain type as first and the light curtain type second. I believe they are all wrong. I arrive at the conclusion that whereas the plates were made for a bond issue some six months beforehand which showed a light curtain in the background, and whereas the same plates were used for the fractional currency, that therefore the light curtain type belongs first, and the dark curtain type second. The plates must have been altered or reengraved subsequently to make the dark curtain which, considering the otherwise light appearance of the bill, has the resultant effect of setting off the picture very appropriately.

The ten-cent Washington, Third issue, bears the same portrait used on the Second issue series. The Third issue has a slightly larger frame to show most of the chest. The First issue bears replicas of the 5-cent and 10-cent stamps used at that time.

From the NUMISMATIST, July, 1947

Fractional Currency Patent Date

Having often noticed "Patented July 24 1866" on the different denominations of the 5th issue, and wondering what could possibly be patented on paper currency my curiosity finally got the better of me and I went to the Public Library and consulted an old Patent Office Record, and was rewarded with the following explanation. "No. 56,550, James M. Wilson, Glens Mills, Penn.—Safety Paper—Explained by the Claim.

Claim, Paper having intermingled or united with the fibers of the sheet during the stage of transformation from pulp to paper, or at any other time when such a thing can be done, of detached fibers or shreds different from the ordinary fibers in such a way as to group or locate the introduced matter on any part or parts of the sheet, while the remainder is left free or comparatively free from it, thereby forming one or more streaks or drops or clouds, or giving a general direction to said introduced fibers or thereby producing any other distinctive mark or marks in the sheet or note."

Now an examination of the reverse of any denomination of the 5th issue of Fractional Currency will show a very definite streak of silk fibers across the left hand end, and very few or any at all elsewhere.

John M. Richardson,
Stratford, Conn.

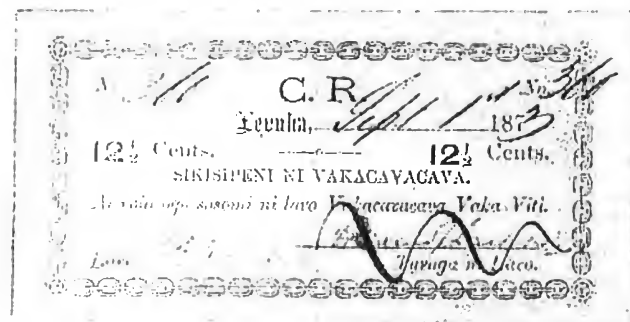
Paper View



The Banco Español in Cuba began issuing five-, 10-, 25- and 50-centavo notes in 1872. Three separate issues were made: 1872, 1876 and 1883. This piece is dated 1876.



Canada issued its first of a short series of 25-cent notes in 1870. Others were dated 1900 and 1923, each of a different design.



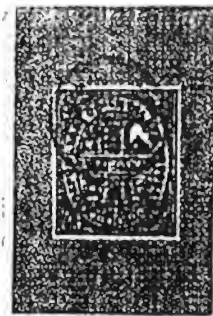
The Kingdom of Fiji under King Cakobau issued low-value notes in 1872 and 1873. This 12-1/2-cent note was issued in 1873.



In the case of Haiti, the National Bank is the direct arm of the government, issuing notes with the portrait of President Michel Domingue in 1875.



A revolutionary faction in Cuba issued notes such as this dated 1869, but I doubt that it really saw much honest circulation. Later issues did much better as circulating notes.



The success of the U.S. Fractional Currency prompted the government of Uruguay to do exactly the same thing in 1868. This one-centesimo note is typical as it has the stamp image printed at center.

Shafer/from Page 35

one book I have seen.

By the late 1700s, several other countries joined in – Finland under Swedish administration in 1790, France during the Revolution and Poland in 1794. You might think that all such early issues would be very scarce or rare. Again, not so! The Finland notes are not available generally, but both of the others do come from emergency or politically unstable situations in their respective countries and they are most assuredly available – and at modest prices, too. This is especially true for the French issues, the small assignats of 1792 and 1793, because they were made in such large quantities that they are commonly found today.

A few countries made such notes in the ensuing decade – Greenland under Danish administration in 1803, newly independent Venezuela with a single issue (two reales), in 1811, Norway in 1814 and Colombia with an issue of several denominations in 1819. Of these, the notes from Norway may be found most readily; Colombian pieces may be available at times, but not often. The others are either very scarce or rare.

Surinam's General Netherlands Company issued a half-gulden note in 1826; the West-Indische Bank issued several small notes in 1837. These are all virtually unobtainable on today's market. Surprisingly, the Republic of Texas was next with an Exchequer Note issue containing 12-1/2, 25, 50 and 75-cent notes. All of these are marked in the Standard Catalog as rare.

Political unrest in Europe during the late 1840s spawned a small-note issue from Austria in 1849. Thailand began its paper money issues with some lower values included in the 1850s, and Paraguay joined in with some crudely made notes in 1856. Both Liberia and Sarawak made small-change notes in 1858, the Liberia issues consisting only of 50-cent notes sporadically until 1880.

The United States then made its



The Japanese Ministry of Finance was responsible for the release of a full series of notes in 1872 ranging from this 10 sen to a high value of 100 yen.

debut because of the Civil War, finally evolving into the release of the technically illegal Postage Currency of 1862, followed by some Fractional Currency issues lasting until the mid-1870s. The Confederate answer was an issue of 50-cent notes in 1863 and 1864. (It must be remembered that a large part of the circulating currency during the Civil War in both the North and the South consisted of privately issued small-change notes or scrip.)

The success of the U.S. fractional issues induced Uruguay to do much the

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affidavits from Ella Jackson, Jennie Germon, Laura Duvall, Ada Thompson, and about a half-dozen other Treasury Department employees suggesting sexual impropriety. Solicitor Jordan questioned Spencer Clark, and he vehemently denied all of the allegations. Shortly afterward, the affidavits mysteriously turned up in Congressman Brooks' hands.

More interesting than the affidavits, though, was Baker's method of obtaining them. When Ella Jackson returned home one evening she was confronted by Baker who waved several sheets of foolscap in front of her, and said Miss Germon had already confessed to participation in immoral conduct that had implicated her also. Baker offered Miss Jackson a choice: confess or face imprisonment in the Old Capitol. All the while, Ada Thompson stood on the sidelines urging the confused woman to confess. Miss Jackson finally agreed to do so, and the considerate Colonel Baker placed an already written affidavit before her for her signature.

A few nights later the same scene was replayed with Miss Germon. Similar tactics were no doubt used to extract Laura Duvall's statement. As for Ada Thompson, it seems probable Baker offered money for her

assistance.

As underhanded as these tactics had been, Baker found a way to stoop lower. In the middle of the committee's investigation Laura Duvall died. Baker hurried to the funeral, stopped the procession, and seized Miss Duvall's body. Baker, contending Duvall died undergoing an abortion necessitated by Clark's immoral conduct, turned the body over to District of Columbia officials for an autopsy. The examining physician found, to Baker's discomfiture, that Miss Duvall had died of tuberculosis. In addition, "the post-mortem examination afforded incontestable evidence of the unsullied virtue of the deceased."

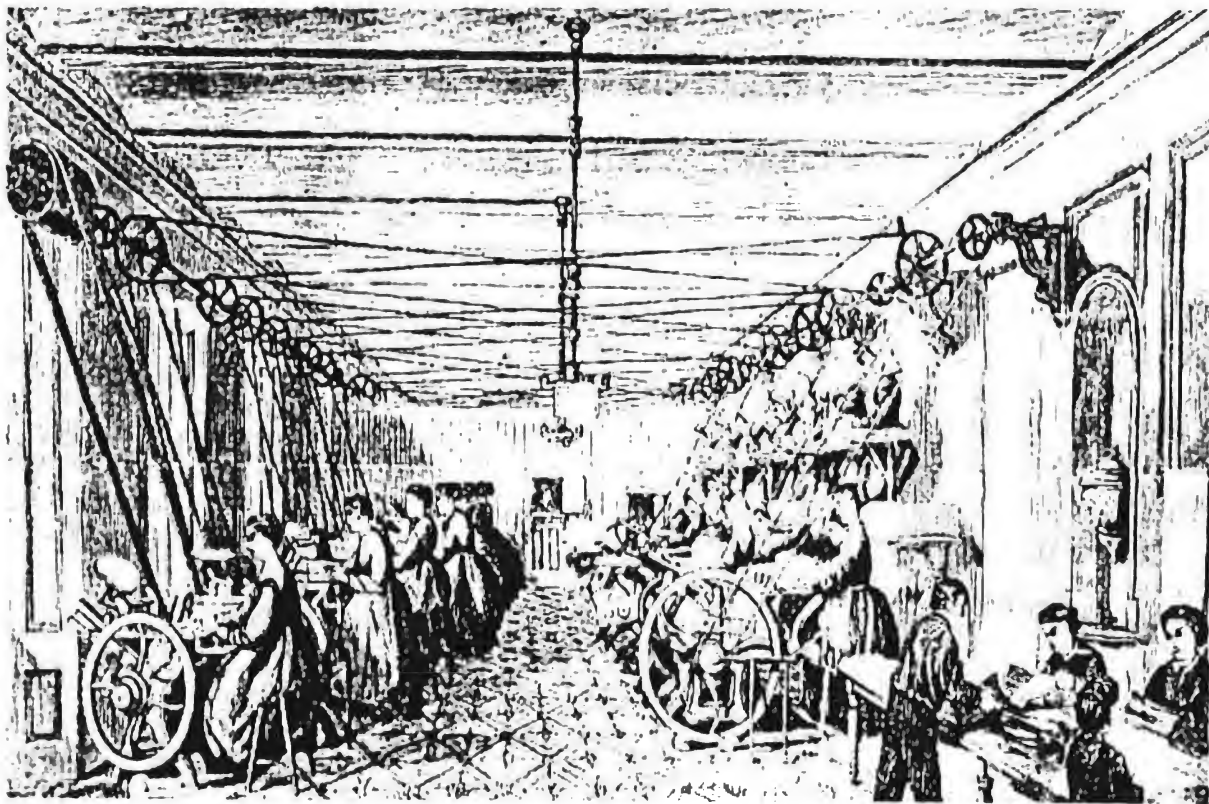
The Select Committee now had before it a wealth of evidence. It had the affidavits and statements of the women involved and the testimonies of Colonel Baker, Spencer M. Clark, Edward Jordan, and several Treasury Department employees. It had evidence of Baker's means of securing affidavits and statements. And it had the autopsy report on Laura Duvall. After surveying the evidence and scrutinizing its sources, the Select Committee issued a report on June 30, 1864. Of the charges of gross immorality in the Treasury Department, the majority of the

committee concluded that:

The committee are fully persuaded that those charges were, in part, the . . . result of a conspiracy on the part of Colonel Baker and the female prostitutes associated with him, by the aid of coerced testimony, to destroy the reputation of Mr. Clark, and . . . justify his unauthorized arrest of one of the officers in the printing bureau.

The Committee feels that in no community in the country will there be found a larger proportion of noble and respectable women than those employed in the Treasury Department.

Even with that scathing report, Colonel Baker managed to have the last word. In his 1867 *History of the Secret Service*, Baker devoted two chapters charging "whitewash" to his findings of fraud and immorality in the Currency Bureau.



Women at the presses of the Treasury's Currency Bureau. In the 1860s, any woman that worked had doubts cast on her virtue. This kept their numbers small. But by 1890 economic necessity, immigration, and grudgingly changing values brought their numbers in the work force up to 3,712,144

supporting the charges leveled by Brooks, a lurid scenario emerged.

The Treasury Department had been a trailblazer in adding women to the government work force. In 1862 the department created a division within the Currency Bureau to take over from private firms the printing of some of the national currency. Spencer M. Clark was appointed head of this division and in the following months hired about 300 women.

Mr. Clark, however, allegedly hired a number of these women on the basis of pulchritude rather than proficiency in printing operations. In the after-hours, according to several witnesses, Clark plied some of his female employees with oysters and ale, and made "improper" overtures. One former employee claimed Clark had tried to buy her favors for \$100 and, when turned down, increased the offer to \$1,000. He was turned down again.

The testimony progressed from allegations of overtures to concrete assertions of immoral actions. Ella Jackson stated that she and Jennie Germon, both employees of the Treasury Department, had accompanied Clark and Mr. G.A. Henderson (another Currency Bureau official) to an entertainment at Canterbury Hall in Washington. Miss Jackson added that she and Miss Germon had to dress up as men because "females are not allowed owing to the nature of the exhibitions...in vogue...at the place." After the show ended, according to Miss Jackson, Clark and

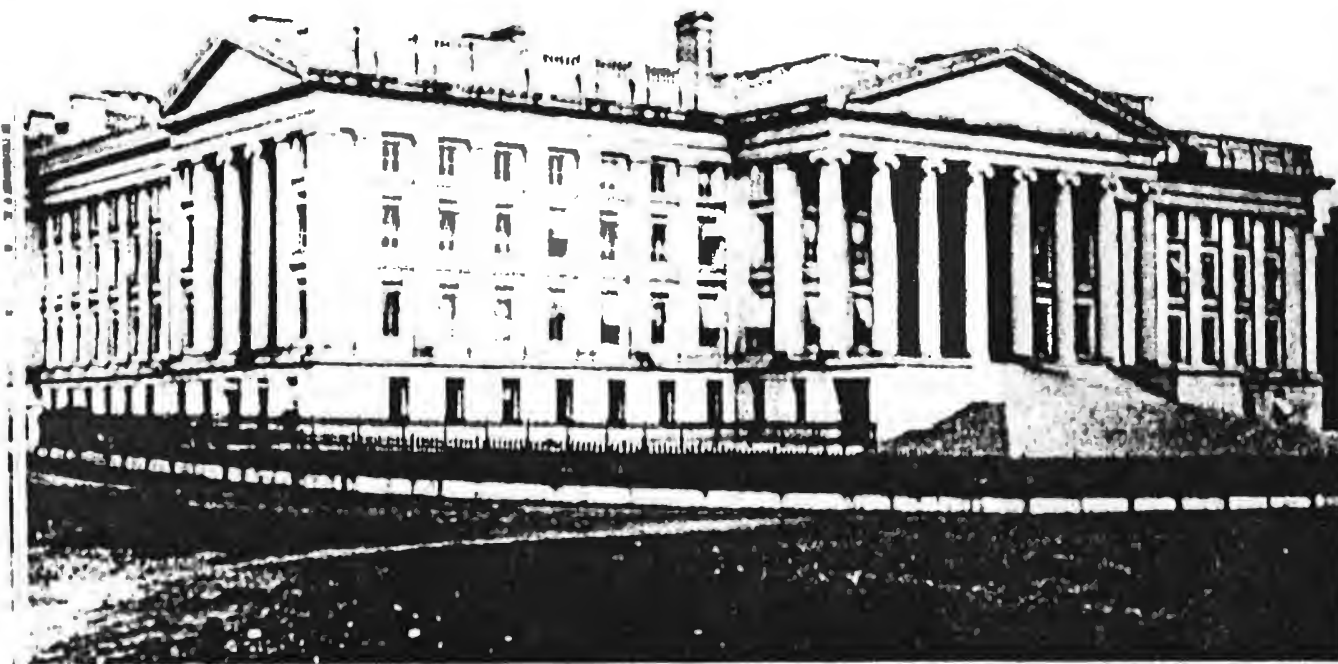
Henderson took the women to the nearby Central Hotel where they all passed the night.

Miss Germon corroborated Miss Jackson's statement fully. She did add a few revelations of her own, however. In addition to her escapade with Ella Jackson, she confessed that on several occasions, Clark had invited her over to his house when his wife was away. Though reluctant at first, she finally succumbed and spent several nights with Clark. Toward the end of her statement, Miss Germon noted that:

I recollect distinctly a conversation I had with Mr. Clark the last night I slept with him. He said his wife was very jealous, and at one time told him that she believed that the Treasury Department was nothing more or less than a whorehouse.

Hard on the heels of these disclosures came the statement of Laura Duvall, another of Clark's employees. From Miss Duvall's statement, it appeared Clark did not confine his lechery to the vicinity of the capital city. Miss Duvall recounted a trip she and Ella Jackson had made to Philadelphia—a trip arranged by Clark. The women had registered at the Continental Hotel in Philadelphia and were later joined by Clark. The three returned to Washington the following night.

As lurid and sensational as these statements were, there remained the possibility that these women might be harboring some unrelated grudge



Americana Image Gallery

The Ultimate Vanity Plate??

Can you guess whose??



Note from Lyn Knight's Dallas Auction. Note the LARGE fiber in Liberty's neck—it is BRIGHT red!



VIGNETTES ON FRACTIONAL CURRENCY AND CIVIL WAR BONDS

By STEPHEN H. BIBLER, A. N. A. #9165

Would it arouse your interest in the lowly "shinplasters" to know that the portraits and designs of some of these fractional currency bills were used by the Treasury Department on the high denomination bond issues during the Civil War!

My favorite numismatic series is fractional currency and it intrigues me to run down odd bits of information on them. Years of study have made me *more* familiar with these bills than with the current issue as a whole—yes, I pay by check, that's why.

A friend of mine recently loaned me a copy of "The American Bond Detector" (by Nehemiah G. Ordway, 1869) which illustrates the various types of bonds issued during the Civil War. I was idly glancing through the book when I saw a familiar face—Justice seated! But she seemed to be sitting differently—or something had been added to the detail of the picture. Several pages further on was old man Fessenden—but he looked so lonesome with a lot of open work or space around instead of the close make-up on the bills. And there was a picture of Washington too, but it did not impress me at the time until I began to do some checking. Let's see what I found out.

The design of Justice or Justice seated on the 50c fractional issue of 1864-69 was used (1) on an issue of \$10,000 registered 6% bonds dated June 15, 1864 and maturing June 30, 1881, and (2) on an issue of \$50 coupon bonds of the same date and maturity. The information indicates that the plates were later altered and used for still another bond issue.

The specimen engravings of the bonds show up more clearly. For example the right arm of Justice rests on a large oval white disk, on the outer edge of which appears clearly readable the motto E PLURIBUS UNUM. This motto shows but faintly on the crisp greenback bills and not at all on the used bills; the crisp red-back bills are quite clear and plain. The sword in her right hand shows up more distinctly too, especially the extended point. The whole picture presents a forceful appearance of sitting up in the clouds.

The bust portrait of William P. Fessenden on the 25c fractional issue of 1864-69 was used on the \$100 coupon bonds of the 6% issue dated Nov. 1, 1864 and maturing Nov. 1, 1884. The engraving on the bond shows up sharp and more distinctly; this is especially noticeable at the left of the eyebrows.

An extended study and comparison shows that the portrait of Washington on the 3c light curtain issue was used several times with minor changes. Since the bills are of small size, 1 % by 2 % inches, the portraits must of necessity be quite small or reduced. The oval portrait on the bill measures sixteen by twenty millimeters, and shows only the bust. The delicate faint lined background of the so-called "curtain" has been filled in or extended to the edge of the frame by a network of faint lines. The forehead outline stands out more prominently on the bill and would appear to be made up of heavier lines or dots when examined under a magnifying glass.

This picture of Washington was used on the \$10,000 denomination of the 6% registered bonds dated June 15, 1864 and maturing June 30, 1881, and again on the \$5,000 denomination of the registered and coupon bonds of the 5% issue dated March 1, 1864 and maturing March 1, 1901. The bonds being much larger can well afford to show a much larger picture with more detail. The figure is not extended or expanded but more of it is shown. The Sixes of 1881 show a two-thirds length figure in an oval frame measuring 34 by 40 millimeters. The 5% bonds due

Paper View



Argentina's small change issues first came out in 1884, with several different emissions taking place until 1895. This 20-centavo note is from the 1884 issue.



The Chilean government sponsored only a single issue of lower value notes that took place in 1891.



The single 20th century issue included here is this, a 2.5 rin from the Japanese military issue for use in China (1940). This has to be the very smallest regular issue note ever made! It was the equivalent of 2.5 mills, in American terms 1/4 of a single cent. Apparently the Japanese had second thoughts about its use as it was made only the one time and not reissued.

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same kind of thing in 1868. Stamp images were printed on small pieces of paper in values of one, five, 10, 15 and 20 centesimos. The Dominican Republic joined the ever-growing ranks of small-change issuers in 1865, Cuba and the South African Republic (ZAR) in 1869, and Canada with its first of three separate issues of 25-cent notes in 1870.

The 19th century fills out its list of countries in this category with Japan

(1872), Kingdom of Fiji (1872-1873), Italy (1874), Haiti (1875), Argentina, Guadeloupe and Reunion (1884), Chile and Portugal (1891) and British North Borneo (1895). It must be emphasized that all of the above are purely government-sponsored emissions, not bank issues of any kind (though some banks of issue are totally under control of their respective governments). A great many followed not long afterwards, especially during and after the World War I period when a severe shortage of small silver coins ensued.

Paper View



French assignats make wonderful representatives of early paper money as they are so available and inexpensive. This 10-sou note was issued in 1792.

Duly Noted

by Neil Shafer, NLG



Fractional Currency made in many lands

Interest in U.S. Fractional Currency has climbed of late, and it does well at auction also. Such interest could easily spill over into world fractionals, as it's an intriguing idea to think that a government would have to issue notes in fractions of its regular currency unit.

One mistaken assumption is that all such low-value issues were made because of some emergency situation. Not so! While a goodly percentage of them do fall into the emergency money sphere, there are apparently quite a number of them that are really nothing less than regular issues.

The idea that a government would need such small-value notes apparently started with Sweden in 1719. The *Standard Catalog of World Paper Money* lists an issue called "Assurance Notes" consisting of several varieties of two-ore and 14-ore pieces. I have never seen any



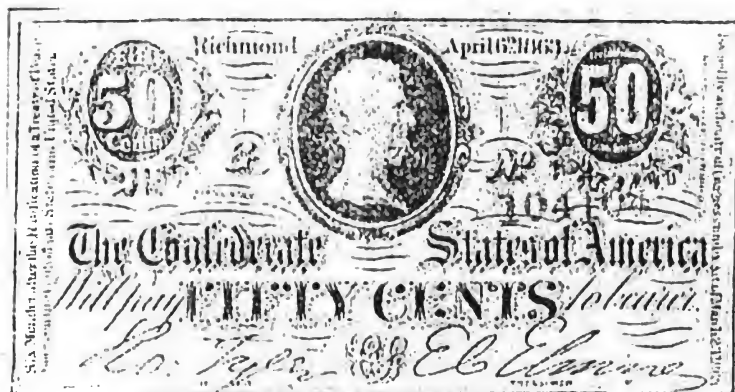
U.S. Postage Currency was never officially authorized. Stamps by themselves had been called for in the law of July 17, 1862, but circumstances of the time brought about the preparation and issue of pieces such as this.

examples, and they are not illustrated. There is a reference to notes like this in

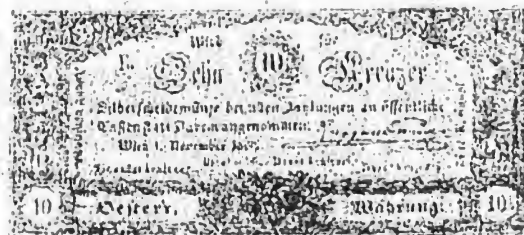
Shafer/Page 42



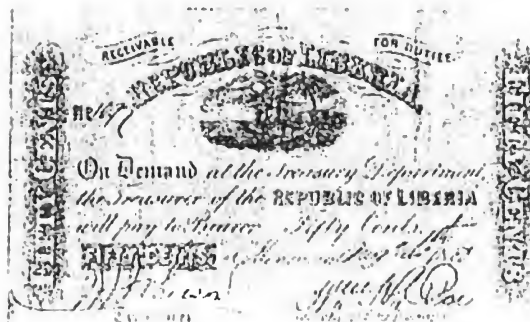
The tiny Dutch enclave of Surinam has issued lower value notes from time to time. Card money in small values was issued earlier, but regular-issue notes of low denominations began in 1826 with this half-gulden issue.



The only fractional notes issued by the Confederate government were 50-cent notes in 1863 and 1864.



Austria began to issue small-change notes in 1849; this 10-kreutzer note dated 1860 is similar to those of the earlier date.



Paper currency issues of Liberia before the modern period were few and far between. A variety of 50-cent notes exist, dating from 1858 to 1880. This reduced-size piece is from the 1880 issue, the last to be confirmed and added to the catalog.

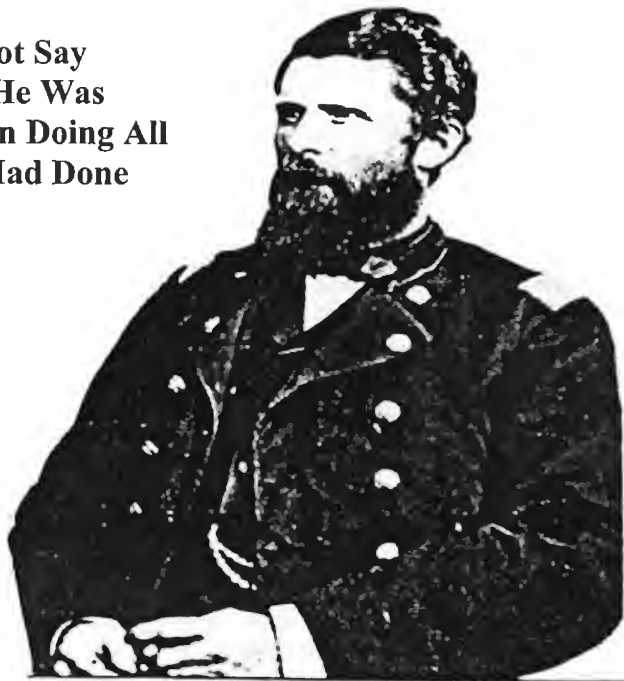
against Spencer Clark and had acted to impugn his character for unknown reasons. Accordingly, a lengthy statement was presented to the committee by a "disinterested" source, otherwise known as Ada Thompson, an actress who lived in the same house as Ella Jackson and Jennie Germon.

Miss Thompson averred that Ella Jackson frequently arrived home drunk at 2 or 3 in the morning and that she had "often seen in Miss Jackson's possession obscene books, pictures, and prints . . . given her by Clark." Miss Thompson also recalled a visit to Misses Jackson and Germon's rooms by Clark and Henderson. She confirmed as well the trip to Philadelphia and, through hearsay, the ale and oyster suppers in Clark's office.

The Select Committee did not end its investigation with the damning accounts of Ella Jackson, Jennie Germon, Laura Duvall, and Ada Thompson, and the innuendoes of immorality provided by other Treasury Department witnesses. The committee looked into the origin of the charges as well, and an even more interesting story came to light.

Late in December 1863 Charles Cornwell, a clerk in the treasurer's office, had been caught absconding with a pile of currency scheduled for burning. Treasury Secretary Salmon P. Chase had his eye on the 1864 Republican presidential nomination and could ill afford any connection with a massive scandal within his own department. On December 24,

I Could Not Say Whether He Was Justified In Doing All That He Had Done



Lafayette Curry Baker, chief of the National Detective Police, colonel of the 1st District of Columbia Cavalry, and a corrupt, hard-boiled investigator.

1863, Chase wrote Secretary of War Edwin M. Stanton and asked, "Will you oblige me by directing Colonel Lafayette C.] Baker to make such investigations and arrests . . . as I may find needful for the detection and punishment of frauds on the government committed by persons in this department."

Colonel Baker, head of the National Detective Police, was duly detached from duty and began his investigation of the Treasury Department. If nothing else, Baker worked quickly, for on January 6, 1864, he arrested Stuart Gwynn, a member of the staff of the Currency Bureau. Gwynn had charge of producing the paper used for printing the currency, and Baker maintained he had defalcated with \$35,000 of department funds that had been intended to pay for the machinery used in paper production. Presumably to substantiate these charges, Baker seized Gwynn's records and papers.

After Gwynn had been clapped into Old Capitol prison, Baker reported the arrest to Treasury Department officials and assured them a confession by Gwynn could be expected at any moment.

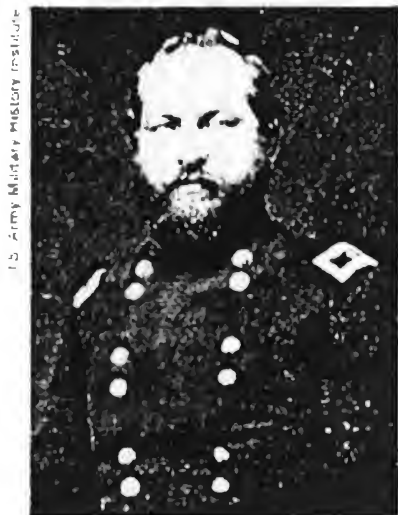
To Baker's dismay, Gwynn languished in Old Capitol for over six weeks without providing a confession. In that time Baker failed to submit a report to the department justifying the arrest. With neither a

confession from Gwynn nor a report from Baker, Treasury Department officials ordered Gwynn's release from prison. After his release, Gwynn lost no time in filing suit against Baker—actually, several suits: one for unwarrantable arrest, one for seizing his papers without authority, and one for libel.

Learning of the suits, Baker rushed to the Treasury Department to see Edward Jordan, solicitor of the Treasury. Baker asked Jordan if he would be upheld by the department in his arrest of Gwynn. Jordan replied, "I could not say whether he was justified in doing all that he had done, and that I could not say whether the Secretary of the Treasury would assume the responsibility of all that he had done." Jordan added, Baker "would have whatever protection the facts in the case afforded him."

That response did not sit well with the colonel. He insinuated to Jordan that if the Treasury Department failed to protect him against Gwynn's suits, he would have to bring to light far more lurid events than defalcation—an insinuation obviously threatening Secretary Chase's presidential ambitions. Jordan, however, replied that if Baker knew of any other incidents it was only fair to tell the department what they were.

In less than a week, Baker produced



Briefly a major general of volunteers, one day a U.S. President, investigating Congressman James A. Garfield.

THE STATE OF THE TREASURY--1864

NOTHING MORE... THAN A WHOREHOUSE

By Charles F. Cooney

ON April 29, 1864, Congressman James H. Brooks of New York rose on the floor of the House of Representatives and charged that the Treasury Department had been transformed into a "house for orgies and bacchanals." Congressman Brooks' accusation was a side issue to larger congressional concerns over the management of the Treasury Department, but it was sufficiently sensational to command a great deal of newspaper coverage.

On the following day, Congressman James A. Garfield, noting reports of Brooks' allegations in the

New York *World*, introduced a resolution calling for the appointment of a committee to investigate all charges against the Treasury Department--those of mismanagement *and* those of immorality. The House agreed, and on May 3, 1864, a select committee with Garfield as chairman and Brooks as the most conspicuous minority member began the investigation.

For nearly two months, Congressmen Garfield and Brooks, along with seven other representatives, interrogated witnesses, read affidavits, and perused reports. When they came to the evidence



Opposite: The Treasury Building in Civil War Washington, D.C. Above: Women at work in the Treasury's Currency Bureau folding room. Though the U.S. Government was a pioneer in the hiring of women, it was not their first large-scale employer. In the early 19th century the Boston Manufacturing Company recruited New England farm girls to work in its factories, housing them in dormitories to guard their morals.